SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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Country:	Tajikistan	Project Title:	Sughdneft Expansion Project		
Lending/ Financing	Loan	Department/	Private Sector Operations Department		
Modality:		Division:	Infrastructure Finance Division 1		
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I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY					
Poverty targeting: General intervention					
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy					
The proposed \$2.5 million financing from the Asian Development Bank (ADB) will support the construction of new stations (RFSs) and the refurbishment of existing RFSs and associated petroleum handling and storage facilities, and					
provision of working capital. The business plan envisions to expand the RFS network by adding seven RFSs, which will					
	be completed and operational by end of 2018. The RFSs will be acquired from existing operators or will be newly				
constructed.					
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The project is consistent with ADB's country partnership strategy for Tajikistan, 2016–2020, which highlights investment climate reforms and skills development to increase productive employment.					
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence					
1. Key poverty and social issues . The project will enhance Sughd region's access to high quality petroleum products					
and service by facilitating new investment in the sector and in an operator that complies with petroleum industry					
standards. The project will also generate long-term and temporary jobs. The business expansion plan of Sughdneft					
Limited Liability Company will require temporary and indirect employment during the construction of the new RFSs,					
and will employ additional staff during the operation of the new RFSs. These new employment opportunities will offer an alternative income source to workers who have returned from overseas, adversely affected by the economic					
downturn in the Russian Federation.					
2. Beneficiaries . The project will benefit (i) Sughd region, through enhanced access to high-quality petroleum products;					
(ii) government through increased tax revenue as from the expanded business will support social and community					
projects; and (iii) the local labor force, through the creation of new employment opportunities during the construction					
and operation of the additional RFSs.					
3. Impact channels. The investment will improve the access of people and businesses to fuel. New jobs will also be					
created during the construction and refurbishment of the RFSs, and the RFS operations. This will help reduce unemployment in the region and provide an alternative income source to local workers.					
4. Other social and poverty issues. None					
5. Design features . The financing of Sughdneft's expansion will contribute to increasing employment and tax revenue					
in Sughd region. The income tax to be paid by Sughdneft is expected to increase by about 30% after its business					
expansion. This will help to improve the fiscal status of the government and eventually lead to increased public funds					
for the development of the region. Moreover, successful implementation will result in the capacity expansion of energy distribution in Sughd region.					
distribution in Sugna	region.				
II. PARTICIPATION AND EMPOWERING THE POOR					
1. Participatory approaches and project activities. Sughdneft will incorporate the process of engagement with					
various stakeholders in its environmental and social management system (ESMS), including land users, asset owners,					
nearby communities, and local leaders. 2. Civil society organizations . The opportunity to involve civil society organizations is limited, as the project will be					
expansion of RFS operations. However, the ESMS will include a procedure to consult with various stakeholders and					
assign staff to help implement engagement activities and address concerns from stakeholders, including civil society					
organizations.					
3. The following forms of civil society organization participation are envisaged during project implementation, rated as					
high (H), medium (M), low (L), or not applicable (NA)					
L⊠ Information gathering and sharing □Consultation □Collaboration □ Partnership 4. Participation plan. Indicate whether a project-level participation plan will be prepared to strengthen participation of					
civil society as interest holders for affected persons particularly the poor and vulnerable.					
☐ Yes. ☐ No. Process of consultation with stakeholders will be included in the ESMS.					

III. GENDER AND DEVELOPMENT				
Gender mainstreaming category: No gender elements				
A. Key issues . The project is categorized as no gender elements. Women comprise 28% (16) of Sughdneft's 57 employees. They account for 13% of management, 60% of support staff, and 27% of RFS employees. Sughdneft offers equal opportunities to men and women qualified for job openings in the company. However, women may find work requiring physical endurance, remote location of facilities, and night shifts unattractive.				
B. Key actions. ☐ Gender action plan ☐ Other actions or measures ☐ No action or measure Sughdneft will develop its human resource policy, and will include provisions on women employees aligned with the requirements of the law.				
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES				
A. Involuntary Resettlement 1. Key impacts. The land for Sughdneft's current facilities was allocated from state land or through the purchase of land use rights from former land users. The audit found no outstanding land issues in Sughdneft's handling terminal and six RFSs covered by the audit. For the proposed development of new RFSs, Sughdneft will apply to the government for the allocation of unencumbered state-owned land plots or purchase existing RFSs from private entities. The land procurement for the RFSs is not expected to entail involuntary resettlement impacts. Sughdneft will conduct the planned land and assets procurement in accordance with the ESMS, aligned with the requirements of ADB's Safeguard Policy Statement (SPS, 2009). 2. Strategy to address the impacts. Sughdneft will adopt an ESMS satisfactory to ADB before the first ADB disbursement. The company will designate qualified environmental and social staff, and train staff on the ESMS to enhance implementation. The ESMS will include resettlement policy principles and procedures: (i) development of a social policy covering land acquisition, resettlement, indigenous peoples, labor, gender dimensions, stakeholder engagement, and information disclosure; (ii) screening of investment transactions against the ADB SPS Prohibited Investment Activities List; (iii) screening and categorization of potential impacts on involuntary resettlement and indigenous peoples; (iv) conduct of social due diligence of the investment activities; and (v) monitoring and reporting on land allocation and procurement and its impacts. 3. Plan or other Actions. ESMS arrangement				
B. Indigenous Peoples Safeguard Category: A B B C FI				
1. Key impacts . The 2010 census of Tajikistan showed that the country has more than 80 ethnic groups (nationalities)—84.2% Tajiks and 13.9% Uzbeks, with other ethnic nationalities such as Kyrgyz, Russian, Turkmen, and Tatars making up the balance. This pattern is similar in Sughd region—84% Tajiks (more than 1.8 million), 14.8% Uzbeks (329,614), 0.6% Kyrgyz (12,896), 0.4% Russians (8,890), 0.1% Tatars (2,600), 0.0% Turkmen (157), and 0.1% others (3,175). All these ethnic nationalities settled in the region many years ago; are fully integrated with the Tajiks; and have the same access to land and natural resources, health and education systems, and social security status. The development of new RFSs in Sughd region will not have impacts on sociocultural groups that may be considered indigenous peoples according to the SPS. Is broad community support triggered? Yes No				
 Strategy to address the impacts. Sughdneft will adopt an ESMS before ADB's first disbursement, and will establish an environment and social unit at the group level to ensure the ESMS is implemented. Sughdneft will include indigenous peoples screening procedures in the ESMS. Plan or other actions.				
V. ADDRESSING OTHER SOCIAL RISKS A. Risks in the Labor Market				
1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). ☐ unemployment ☐ underemployment ☐ retrenchment ☒ core labor standards (L) 2. Labor market impact. The project will contribute to the labor market through (i) the creation of new jobs through the operation of the new RFSs, and (ii) temporary employment of local workers during the construction or refurbishment of RFSs. The operation of one RFS requires three operators and two salespeople, resulting in the additional employment of 21 operators and 14 salespeople for the seven planned RFSs. Sughdneft and its contractors will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001) ^b , will take measures to comply with internationally recognized core labor standards.				
B. Affordability. Not applicable				

C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): Communicable diseases NA Human trafficking NA Others (please specify) 2. Risks to people in project area. NA		
VI. MONITORING AND EVALUATION		
1. Targets and indicators. The project design and monitoring framework included the following social indicators targeted to be achieved in 2021: (i) number of jobs provided during operation increased to at least 87 by 2025 from 57 in 2017; and (ii) number of jobs provided during the construction phase is at least 50 by 2024. 2. Required human resources. Sughdneft will assign environmental and social staff to implement, manage, and monitor the environmental and social aspects of its operations. 3. Information in the project administration manual. Not applicable 4. Monitoring tools. Sughdneft will monitor compliance with SPS requirements, employment impacts, and its compliance with national labor laws and measures to comply with the core labor standards. Sughdneft will report these in its annual environmental and social monitoring report to ADB.		

a ADB. 2016. Country Partnership Strategy: Tajikistan, 2016–2020. Manila.
 b ADB. 2003. Social Protection. Manila (adopted in 2001).